ACCOUNTING INFORMATION SYSTEMS AND FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN UGANDA: A CASE STUDY OF DFCU BANK, MAIN BRANCH KAMPALA

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A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND MANAGEMENT AS A REQUIREMENT IN PARTIAL FULFILLMENT FOR THE AWARD OF THE DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION-ACCOUNTING AND FINANCE OF KAMPALA INTERNATIONAL UNIVERSITY

FEBRUARY, 2019
DECLARATION

I, hereby declare that this research report is my original work and has not been submitted to any other university or institutions of higher learning for any academic award.

Signature: ___________________ Date: 21/02/2019
APPROVAL

This is to certify that this research report is written under the topic “on an inquiry into the accounting information systems and financial performance of commercial banks in Uganda: a case study of Dfcu bank, main branch Kampala” has been done under my supervision as a university supervisor and submitted to the College of economic and management (CEM) with my approval.

Mr. Rutaro Aboas

Signature:

Date: 21.02.2019
DEDICATION
I dedicate my research report to my parents mother Kyarisiima Jadress and brothers Robert, Dick and sisters Ronas, Eunice, Jonas and Mackline for their commitment to my upbringing including educational support May almighty accord you reasonable value.
ACKNOWLEDGEMENT

In the first case I would like to accord gratitude to almighty God who has accorded me all I possess. I am profoundly grateful to all these personalities who assisted in various ways to make this project a success.

I wish to however still first and foremost to express the great deal that I owe to my supervisor Mr. Rutaro Abas whose priceless criticisms, suggestions and patience helped me greatly to bring this project to a successful completion.

Secondly, I wish to say special thanks to my special brother and Sisters. I acknowledge contribution of my friends among others for their moral support throughout my education and especially during the writing of this project work.
# TABLE OF CONTENTS

DECLARATION ................................................................................................................. i
APPROVAL ......................................................................................................................... ii
DEDICATION ....................................................................................................................... iii
ACKNOWLEDGEMENT ....................................................................................................... iv
LIST OF TABLES ................................................................................................................... ix
LIST OF FIGURE ................................................................................................................ x
ABSTRACT .......................................................................................................................... xi

CHAPTER ONE ..................................................................................................................... 1

INTRODUCTION .................................................................................................................. 1

1.0 Introduction ................................................................................................................ 1
1.1 Background of the Study ......................................................................................... 1
1.2 Problem Statement ................................................................................................. 3
1.3 Research Objectives ............................................................................................... 3
1.3.1 General Objectives ............................................................................................. 3
1.3.2 Specific objective of the Study ........................................................................ 4
1.6 Scope of the study ..................................................................................................... 4
1.6.1 Subject Scope ..................................................................................................... 4
1.7.2 Geographical Scope ........................................................................................... 5
1.7.3 Time Scope ......................................................................................................... 5
1.7 Significance of the study ......................................................................................... 5
1.8 Operational Definition of key terms and concepts ............................................... 5
1.9 Conceptual Framework ......................................................................................... 6
CHAPTER TWO ......................................................................................................................... 8
LITERATURE REVIEW ............................................................................................................. 8

2.0 Introduction ..................................................................................................................... 8

2.1 Effect of computerized accounting information system on financial performance .......... 8

2.2 Effect of manual accounting information systems on Financial performance of organisations.......................................................................................................................... 11

2.3 Effect of internal accounting system control on financial performance of organisations... 13

2.4 Related study on accounting information system and financial performance .......... 15

CHAPTER THREE .................................................................................................................. 17
METHODOLOGY .................................................................................................................... 17

3.0 Introduction ..................................................................................................................... 17

3.1 Research Design ............................................................................................................. 17

3.2 Study Population ........................................................................................................... 17

3.2.1 Sample Size .................................................................................................................. 17

3.2.2 Sampling Procedure ................................................................................................... 18

3.3 Sources of Data .............................................................................................................. 19

3.3.1 Primary Data ................................................................................................................ 19

3.3.2 Secondary Data .......................................................................................................... 19

3.4 Data Collection Instruments .......................................................................................... 19

3.4.1 Questionnaire .............................................................................................................. 19

3.6 Data Analysis Techniques ............................................................................................... 20

3.7 Ethical Considerations .................................................................................................... 20
CHAPTER FOUR

PRESENTATION, INTERPRETATION AND ANALYSIS OF FINDINGS

4.0 Introduction

4.1 Profile of Respondents

4.1.1 Gender Categories of Respondents

4.1.2 Age categorization of respondents

4.1.3 Academic Qualification of Respondents

4.1.4 Marital status

4.1.5 Time service of respondents in the organization

4.2 Accounting information system in DFCU bank

4.3 Financial performance of DFCU bank

4.4 Objective one; Effect computerized accounting information system on financial performance of commercial banks

4.4.2 Regression Analysis: Effect computerized accounting information system on financial performance of commercial banks

4.5 Objective two; Effect manual accounting information system on financial performance of commercial banks

4.5.2 Regression on effect manual accounting information system on financial performance of commercial banks

4.6 Objective three; effect of internal accounting system control on financial performance of commercial banks

4.6.2 Regression on internal accounting systems on financial performance of commercial banks at 0.05 Level of significance
LIST OF TABLES

Table 3.1: Showing sample size and sampling techniques ...................................................... 19
Table 4.1: Gender Categorization of Respondents ................................................................. 21
Table 4.2: Showing respondents categorization ...................................................................... 22
Table 4.3: Academic qualifications of the respondents .......................................................... 22
Table 4.4: Showing the marital status of Respondents .......................................................... 23
Table 4.5: Respondents’ time of service ................................................................................ 23
Table 4.6: Accounting information system in DFCU bank ..................................................... 25
Table 4.7: Financial Performance of DFCU bank ................................................................. 27
Table 4.8: Pearson correlation between computerized accounting information system on financial performance of commercial banks at 0.05 Level of significance. ......................... 28
Table 4.9: Regression Analysis on effect computerized accounting information system on financial performance of commercial banks ......................................................................................... 29
Table 4.10: Pearson correlation between Manual accounting information system on financial performance of commercial banks at 0.05 Level of significance ........................................ 31
Table 4.11: Effect of manual accounting information system on financial performance of commercial banks ................................................................................................................................. 32
Table 4.12: Pearson correlation between internal accounting systems on financial performance of commercial banks at 0.05 Level of significance ................................................................. 34
Table 4.13: Regression on internal accounting systems on financial performance of commercial banks at 0.05 Level of significance ......................................................................................... 35
LIST OF FIGURE

Figure 1.1: Showing Link between Accounting information system and financial Performance .. 6
ABSTRACT

The study objective of the study was to determine the effect of accounting information system on the financial performance of commercial banks in Uganda using a case study of DFC bank, Kampala. The objectives were to determine the effect computerized accounting information system on financial performance of commercial banks, To assess the effect of manual accounting information systems on financial performance of commercial banks and To determine the effect of internal accounting system control on financial performance of commercial banks. The study was conducted in DFCU bank from 40 respondents who were the employees. The data was collected using closed ended questionnaires, the analysis took the use of descriptive statistics of mean and standard deviation and correlation analysis. The study findings indicate that there is a significant relationship between computerized accounting information systems on financial performance of commercial banks, since the sig. value (0.048). There no significant relationship between manual accounting information systems on financial performance of commercial banks, since the sig. value (0.386). There is a significant relationship between internal controls accounting information systems on financial performance of commercial banks, since the sig. value (0.039). The study concluded that having proper accounting systems of computerization contribute to financial performance of DFCU bank. The results also indicate that the manual accounting system usage was having a low contribution or influence to financial performance of DFCU bank. The study on the third objective concludes that the proper accounting internal systems enabled the organization to work for profitability of the organization. The study concludes that accounting information system in DFCU bank contributes to financial performance of the bank though loopholes in accounting information are viewed and seen. The study recommends that computerized accounting systems need to be enhanced, developed and improved in order to enable the organization attain its proper functionality and accountability. Computerized systems need to be enhanced with the mode of the proper software that enable proper decision making in the organizations. The organization should increase the use of accounting information in marketing decisions in bringing in new product into the market, increasing sales volume and in taking better marketing strategies. On the third objective, the management need to adequately identify and manage duties including providing means to the operations of the organization through well determined duty operations and provision of an adequate auditing mechanism for the organization.
CHAPTER ONE
INTRODUCTION

1.0 Introduction
This chapter presents background of the study, statement of the problem, purpose of the study objectives, research questions, hypothesis, scope of the study, significance of the study and operation definitions of key terms.

1.1 Background of the Study
Accounting information system: According to Romney and Steinbart (2000) definition, an accounting information system is a system that processes data and transactions to provide users with information they need to plan, control and operate their business. In this definition, accounting information systems are considered as tools that help management in planning and controlling processes by providing the relevant and reliable information for decision making. From this perspective, accounting information system functions are not solely for purpose of producing financial reports rather the role goes beyond this traditional view and can also be used as a controlling mechanism such budgeting. Full adoptions of the system will essentially require attainment of all the benefits of the system. The accounting information system will take into consideration the dimensions of computerized accounting information system, manual accounting information system and the internal accounting system control among other provisions stated and provided in the avenues of the study.

Financial Performance of an organization can be described in various form, such as; return on assets, return concerning the sales, sales turnover, returns for investments, return on employed capital and growth for sales (Gerdin and Greve, 2014). Conway (2009) argued that financial performance for the organizations are measured by the criteria that include the determinations for profits, revenue and returns on capital that the organization.

The established dealers face intense competition from imported second-hand vehicles, mainly from Japan and United Arab Emirates. These imports now account for about 70% of the market. The last decade witnessed a significant decline in the number of new vehicles sold in the country. There has been a steady recovery in the last four years, but the numbers achieved still fall far short of the numbers recorded a decade ago (Mairead, 2007). In 2004, the leading motor vehicle companies recorded sales of 9,979 units. Although 27% better than the previous year,
this is still well below the levels achieved in the early 1990’s. The slump in the volume of new cars sold is attributable to the increased competition from second-hand vehicles and the depressed economy. Currently, most organizations continue to increase spending on information systems and their budgets continue to rise. Moreover, economic conditions and competition create pressures about costs of information. Generally, information system is developed using information technology to aid an individual in performing their job (Amidu, 2011).

In Africa today, information technology and an increasingly transparent in the financial sector that has become key driving forces in business operations, strategies, structures, ownership, and performance. These forces cut across many industries to force changes that, in turn, have had significant economic and social impacts on the organizational effectiveness (Curtis, 2014). Structurally, the emerging information technology industry is uncharacteristic of typical traditional processes which have gradually grown out of the need to increase efficiency and cut on operations costs in the industry. The ability of automobile firms to achieve competitive advantage is predicated, in part, on their capacity to develop efficient, internalized accounting information systems to provide market coordination and linkages between their operations and global commodity and financial markets.

Financial institutions in Uganda are known to be the wheel behind the moving train of the Uganda’s economy and as we also know that every large business starts small, but most of the financial institutions are lacking the accounting information system to put together to collect information, raw data or ordinary data and transform them into financial data for the purpose of reporting them to decision makers. Accounting Information Systems (AIS) are a tool which, when incorporated into the field of Information and Technology systems, are designed to help in the management and control of topics related to organization’s economic-financial area which most financial institutions are lacking. But the stunning advance in technology has opened up the possibility of generating and using accounting information from a strategic viewpoint (BOU, 2013). Accounting systems deals with economic events or transactions, most of these transactions results from day to day operations of the business. The Business transactions can be divided into main type that’s external transaction which arises from exchange with the outside world such as
purchasing or selling goods and internal transactions which arise from accumulation of the cost data and assignment of the costs of production (Langfield-Smith, 2011).

1.2 Problem Statement
In all forms of business units, accounting information systems are of crucial importance. In fact, they are the basis to any business success. Maintenance of sound accounting records is a major factor that contributes proper decision making process since it’s the root through which relevant informational requirements is derived. Most organizations though operate at a large scale don’t have the relevant skills in accounting and financial management thus the appetite to have strong accounting information systems may be lacking. Indeed, prior research has asserted that the quality of accounting information utilized within an organization has a positive relationship with an entity’s performance (Lybaert, 2008). Similarly, it has been emphasized that there is the need for financial information for organizations due to the volatility normally associated with their situation such as unstable cash and profit positions, and reliance on short-term debt. Curtis (2012) indicated that there is a difficulty in ascertaining whether comprehensive accounting records that satisfied the laws under which it incorporated has been kept. Oladipupo and Ajase, (2013) mentioned that difficulty exist in determining how far non-recognition of the necessity of accounting to continued existence and growth, low educational background of entrepreneurs and employment of un-skilled accounting staff, have affected the overall financial performance of organization. The primary purpose of this study was to examine critically whether accounting information is an important consideration in the overall financial performance of commercial banks.

1.3 Research Objectives
The study has both general and specific objectives

1.3.1 General Objectives
The general objective of the study was to determine the effect of accounting information system on the financial performance of commercial banks in Uganda using a case study of DFC bank, Kampala.
1.3.2 Specific objective of the Study

i. To determine the effect computerized accounting information system on financial performance of commercial banks

ii. To assess the effect of manual accounting information systems on financial performance of commercial banks.

iii. To determine the effect of internal accounting system control on financial performance of commercial banks.

1.4 Research Questions

i. What is the effect of computerized accounting information systems on financial performance of commercial banks?

ii. What is the effect of manual accounting information systems on financial performance of commercial banks?

iii. What is the effect of internal accounting system control on financial performance of commercial banks?

1.5 Research Hypothesis

H01: There is no significant effect of computerized accounting information systems on financial performance of commercial banks.

H02: There is no significant effect of manual accounting information systems on financial performance of commercial banks.

H03: There is no significant effect of internal accounting system control on financial performance of commercial banks.

1.6 Scope of the study

1.6.1 Subject Scope

The study was conducted to assess the influence of accounting information system practices on financial performance. The study was based on the relationship between computerized accounting information system, manual accounting information system and internal accounting system control on financial performance.
1.7.2 Geographical Scope
This study was conducted in DFCU bank that is located in Kampala Central division of Kampala. The choice of the bank is because it is deemed to be having a reasonable accounting information system for the organization.

1.7.3 Time Scope
The study has a time scope of 3 months which run from October to December 2018. The time chosen is sufficient to enable the researcher collect reliable information for the study.

1.7 Significance of the study
The study would provide a theoretical basis about accounting information system successful adoption dimension to firms. It would provide practical guidance for accounting information systems implementation and it would also provide empirical and practical contributions for organization in effectively applying accounting information system in their operations.

Accounting information systems provide information about the financial resources, obligations, and activities of an enterprise that is intended for use primarily by external decision makers investors and creditors. This study provides useful information in making investment and credit decisions.

1.8 Operational Definition of key terms and concepts
Accounting information system is a combination of people, equipment, policies, and procedures that work together to collect data and transform it into useful information. It is a formal
mechanism for gathering, organizing and communicating accounting information about an organization’s activities.

Accounting information systems is a system that provides people with either data or information relating to an organization's operation to support the activities of employees, owners, customers, and other key people in the organization's environment by effectively supplying information to authorized people in a timely manner.

Brennan and Soloman (2008) suggested that financial performance of an organization can be measured using objective criteria which include indicators such as profit growth, revenue growth, return on capital employed; and subjective measures like innovation, ability to attract, develop, retain talented people, quality of management, quality of products or services, community and environmental responsibility.

1.9 Conceptual Framework
A conceptual framework is a graphical or diagrammatic representation of the relationship between independent and dependent variable in a study.

**Figure 1.1: Showing Link between Accounting information system and financial Performance**

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting information system</td>
<td>Financial Performance</td>
</tr>
<tr>
<td>- Computerised accounting information system</td>
<td>- Profitability</td>
</tr>
<tr>
<td>- Manual accounting systems</td>
<td>- Sales turnover</td>
</tr>
<tr>
<td>- Internal control system</td>
<td>- Market share</td>
</tr>
<tr>
<td></td>
<td>- Return on investments</td>
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<tr>
<td></td>
<td>- Return on assets</td>
</tr>
</tbody>
</table>

Source; Devised from Literature Review
The conceptual framework denotes the relationship between the independent variable accounting information system and the dependent variable financial Performance. The accounting information system is defined through computerised accounting information system, manual accounting information systems and internal accounting system control the variable components have a value of the components seen or measured through the dimensions mentioned while financial performance is denoted by the profitability, sales, number of customers, market share, return on investments and return on assets. The prevalence of the positive atmosphere of the independent variable transforms to positive dependent variable on financial performance.
CHAPTER TWO  
LITERATURE REVIEW

2.0 Introduction
This chapter shows what other scholars have written about accounting information system and financial performance. This section shows all the literature that was used in the study, the section first presents the related studied according to objectives and related studies on the independent and dependent variables.

2.1 Effect of computerized accounting information system on financial performance
Pandey (2010) contend that computerized accounting is defined by Pendley and Rai (2009) as a total suit of components that together comprises all inputs, storage, transactions, processing, collecting and reporting of financial transaction data. Computerized accounting system involves the use of computers in processing accounting data into information to facilitate quick decision making through timely preparation of financial reports and financial reporting in this case refers to the way in which financial information is recorded, processed and conveyed to the end users of this information in particular.

Individuals and companies day by day hire accountants to help them carry out the mathematical requirements of accounting and balancing of books. Before the introduction of information technology into accounting, these accounting protocols were being performed manually. However, today many accountants and non-accountants like to use computer software to perform these duties (Agbim, 2013).

Agbim (2013) furthermore, the programming of accounting information systems lead to the change of activities where data can be collected by using special means, as the necessary paper document is cancelled. Often, all computers are programmed automatically, as for the services, they increase in most cases. In addition, there are outputs that are allowed id needed. The distribution of output to people is also possible by the local information web which is interrelated through several computers with other smaller interrelated computers. The information technology also must be compatible and consistent with the components of the accounting systems and the operational functions are automated. When choosing the necessary material and
software components for the accounting systems while analyzing the costs, the cost of the hardware and accounting system programs must be less than the benefit while using the system. The members of auditors and controls of the accounting information

Computers became widely used for business and personal purposes. Robinson and Broihahn (2005) asserted that vast benefits could be derived by organizations through the use of computers. Computerized accounting information systems in business brought advantages in terms of speed, reliability, consistence and huge storage capacities.

The introduction of the computerized accounting information system led to effective accounting operations for the organizations (Agbim, 2013). Receipts can now be produced on time as the information is transferred to the necessary books of accounts in the system. This speeded up the process and less time is taken in the preparation of financial reports. Agbim (2013) reinforced this with the assertion that, electronic components in computers were dependable and reliable because they rarely break or fail. As a result the computerized accounting information system brought about transparency and reliability on calculation of the companies levies.

Suchman (2010) contend that hardware and software system failures, unexpected power outages, memory damage, computer viruses and hacker attacks and the systems operator's lack of skills and the level of computerization would lead to system collapse. According to network loss might come as a result of deployment time techniques, which help in designing a system which have desired levels of performance. To add on to that, performance is characterized by measures of workload, throughput, response time and utilization. Therefore if properly implemented it enables a smooth flow of operations in regard to the system performance.

The accounts receivable must consists of a detailed listing of customers and the amounts of money each owes the company or bank and other information like the date the debt was incurred, address and phone numbers of each customer. Businesses considering the installation of accounts receivable management software must undertake an extensive research into the available alternative solution to ensure it includes the key potentials that would enable accuracy and integrity of its financial reporting. The right accounts receivable software solution updates the
ledger accounts with appropriate transactions automatically. Invoices are added and customer payments in regards to outstanding invoices are also deducted. The software checks that payments have been applied to a specific invoice or identify that it covers multiple invoices. There should be regular reports generated in detailed, such as an accounts receivable aged listing so that customers at risk of defaulting could easily be identified (Tsang, 2011).

The Accounts Payable Software, contend that the company or organization considering the implementation of accounts payable software solution must first of all realize that the best ones are the one that provide a rapid return on investment. The main characteristics of accounts payable that increase the payback include early payment awareness that enable the company to make use of discounts offered. More so, the ability to write cheques to suppliers and to have the correct debits and credits applied to the company account makes balancing the books easy. (Accounting Software, Quoted: 25.05.2012)

A ledger account refers to an accounting record that summarizes all transactions affecting each individual item such as Bank, Stock, Creditors, Vehicles or Capital. In the financial statements all items have its own ledger account and so in this case the bank can have so many ledger accounts to manage considering its numerous customers, without computerized accounting system, it would be virtually impossible to locate one ledger account out of hundreds accurately and conveniently. (ICT in Accounting, Simmons, Hardy 2011). The general ledger software is a very important software solution for all businesses since it is the main accounting record of the business. Key features companies must look for in general ledger accounting software are its ability to trace budget and financial data so as to produce accurate financial statements, detecting fraud so easily, tracking budget and financial data to produce accurate financial statements that can bring out better income statement, balance sheet, and general ledger reportage. When the best general ledger software is chosen, it helps to develop year-end reports and statements quickly and accurately. The general ledger software automatically passes data from subsidiary ledgers such as accounts payable and accounts receivable for quick and accurate double entries as well as balance sheet balance sheet. (Tsang, 2011)
Accounting Packages and Chart of Account: A number of software packages have been developed to assist in the accounting field and some of such packages are QuickBooks, Mind Your Own Business (MYOB), Cash Flow Manager, Attaché, Econet and Temenos. Even though some of this software mentioned here are developed for small businesses, they are also designed specifically for accounting purposes in the banks, especially the Temenos software which is currently in use by Amanano Rural Bank Limited. It functions in such a way that once a customer's data is entered, the accounting records of that particular customer are updated automatically, and also customer's reports pop-up so easily. Links between the bank and its staff, as well as other information are easily accessible and can be produced quickly, accurately and efficiently. These accounting packages that have been outlined here earlier bring out transactions using accounting records such as the general ledger accounts (Romney and Steinbart, 2009).

Furthermore, if some of the customers have the same names or similar names it may be very difficult to identify which account they belong to. To tackle these issues, a bank or business can use a Chart of Accounts to arrange its ledger accounts. A chart of accounts is a catalogue of all the accounts, which detects and organizes each ledger account individually by assigning to it an account number or code. (Sajady, Dastgir & Nejad, 2012).

2.2 Effect of manual accounting information systems on financial performance of organisations

Meigs and Mary (2008) argued that business has the option of using a manual accounting system, keeping their financial records by hand. A business also has the option of using a computerized accounting system, keeping their financial records with the aid of a computer and software package. This lesson focuses on a manual accounting system.

Sinkey (2010) contend that manual accounting systems are most commonly used by small businesses, as these systems have lower upfront cost less than complex accounting software and are relatively easy to use. New or small businesses may not have many financial entries to make and, therefore, their accounting needs are simple. As long as the person in charge of manually keeping the financial records knows what he or she is doing, it can be just as accurate as a computerized accounting system. Another advantage of using a manual accounting system is that
you can always open up the book and gain instant access to your records. There is no delay due to power or Internet outages, and there are no risks of sensitive information being hacked online.

Evans and Schmalensee (2010) contend that there can be many disadvantages of using a manual accounting system. Accounting, for any business, can be a complex undertaking. A manual accounting system requires you to understand the accounting process in a way that may be unnecessary with a computerized accounting system. This can be an advantage or a disadvantage, depending on the person doing the bookkeeping; often, a specially trained professional is needed to ensure that accounting is done properly. Unraveling the complexity of your financial records by hand may be time consuming. Since it takes time to generate reports, you may be neglecting other aspects of the business and miss opportunities for growth. Human error also plays a role in inaccurate financial records; manual accounting can be tiresome and tedious, causing bookkeepers to make mistakes. Additionally, records may only be available in paper format, which can cause issues if they are lost, stolen, or damaged.

Many things must be accounted for when it comes to bookkeeping: debits and credits, utility bills, rent payment, inventory, financed equipment, and monthly payments, among others. A single-entry system, in which only one entry is made for each financial transaction, is the simplest form of accounting. This is generally a good method for small businesses with few transactions and assets. Imagine you owned a small business that had just purchased a new cell phone.

Business owners use accounting to record, report and analyze their company’s financial information and in doing this, companies often generate several pieces of financial information from business transactions, and compile this information into general ledgers and journals. (Oladipupo & Ajape, 2013). Historically, accounting was a manual process using paper books and documents for financial information. Business technology has created significant advances in the area of financial management and accounting software.

Accounting information system being an asset of methods, people, procedures and devices regularly used to process business transactions, accounting information system is therefore much more useful when it is conveyed through a proper reporting system which gives it good qualities.
such as accuracy and reliability among others and this can be achieved by use of computerized accounting system.

In this modern world, manual accounting systems suite small businesses and when used by larger organizations clients usually spend most of the time in a queue and thus the companies would not generate enough income. It is not particularly suited to environments where there are a large volume of transactions as it takes much time to come up with one outcome (Accounts-man Wikipedia, 2015).

2.3 Effect of internal accounting system control on financial performance of organisations
The internal controls of an AIS are the security measures it contains to protect sensitive data. These can be as simple as passwords or as complex as biometric identification. AIS must have internal controls to protect against unauthorized computer access and to limit access to authorized users which includes some users inside the company. It must also prevent unauthorized file access by individuals who are allowed to access only select parts of the system (Conway, 2009).

Gerdin & Greve (2014) argued that AIS contains confidential information belonging not just to the company but also to its employees and customers. This data may include Social Security numbers, salary information, credit card numbers, and so on. All of the data in an AIS should be encrypted, and access to the system should be logged and surveilled. System activity should be traceable as well. AIS also need internal controls that protect it from computer viruses, hackers and other internal and external threats to network security. Furthermore, it must be protected from natural disasters and power surges that can cause data loss.

Mairead (2007) contend that internal controls encompass a set of rules, policies, and procedures an organization implements to provide reasonable assurance that; its financial reports are reliable, its operations are effective and efficient, and its activities comply with applicable laws and regulations. In managing an organization and implementing an internal control system the role of accounting information system (AIS) is crucial. An important question in the field of accounting and management decision-making concerns the fit of AIS with organizational requirements for information communication and control. Although the information generated
from an accounting information system can be effective in decision-making process, purchase, installation and usage of such a system are beneficial when the benefits exceed its costs.

Existing literature offers scant evidence of the relationship between AIS and Management Accounting Information Systems (MAIS). AIS are considered as important organizational mechanisms that are critical for effectiveness of decision management and control in organizations (Sathyamoorthi, 2011). Accounting Information System (AIS) as one of the most critical systems in the organization has also changed its way of capturing, processing, storing and distributing information. Nowadays, more and more digital and on-line information is utilized in the accounting information systems (Sathyamoorthi, 2011).

Management is engaged with different types of activities which require good quality and reliable information. Quality information is one of the competitive advantages for an organization. In an accounting information system, the quality of the information provided is imperative to the success of the systems (Mondy, 2010). Quality of information generated from AIS is very important for management (Mondy, 2010). Business organizations often use accounting information systems to provide support for management decisions. Support usually includes financial analysis from company accountants. Analysis is often taken for the company’s accounting information system. Using business technology, this system can process copious amounts of documents electronically for owners and managers.

Curtis (2014) contend that management compares information about current performance to budgets, forecasts, prior periods, or other benchmarks to measure the extent to which goals and objectives are being achieved and to identify unexpected results or unusual conditions that require follow-up. In the same way that managers are primarily responsible for identifying the financial and compliance risks for their operations, they also have line responsibility for designing, implementing and monitoring their internal control system. Internal controls typically center around the company’s accounting information system, which is the primary function for moving financial information through a company. Van der Veeken & Wouters (2012) contend that internal controls help managers to monitor and measure the effectiveness of their accounting operations on performance (Ismail & King, 2005). Performance management has a key role to
play in improving the overall value of an organization. Accounting systems are often the most important formal sources of information in industrial organizations. They are designed to provide all levels of management with timely and reasonably accurate information to effect on performance management and help them make decisions which are in agreement with their organization's goals. Organizational performance is one of the most important constructs in management research.

Langfield-Smith (2011) argued that there are two types of major internal controls associated with the management of large firms, particularly diversified firms, which have an important effect on firm innovation, these are; strategic controls and financial controls. Strategic controls entail the use of long-term and strategically relevant criteria for the evaluation of business-level managers' actions and performance. Strategic controls emphasize largely subjective and sometimes intuitive criteria for evaluation. The use of strategic controls requires that corporate managers have a deep understanding of business-level operations and markets. Such controls also require a rich information exchange between corporate and divisional managers. Thus, the relationship between AIS and organizational performance would be moderated by the strength of internal controls. According to the previous argument we analyze the contingency fit between AIS, management performance and organizational effectiveness using accounting data, decision making and internal control process (White and Pearson, 2011).

2.4 Related study on accounting information system and financial performance
A number of studies have been carried out on the accounting information systems of business globally. In this section a review of some of the related studies to the key topic here in will be done.

Otieno and Oima (2013) sought to investigate the effect of computerized accounting systems on audit risk management. The study employed an exploratory survey design which was longitudinal and cross-sectional using questionnaires. A sample of 41 was drawn out of the 56 public enterprises that were present in Kisumu County at the time of the study. A descriptive analysis was employed and the findings were that there exists a positive relationship between the
computerized accounting system employed and the audit risk management policy in the public enterprises.

Wanjau and Wajue (2013) assessed the factors affecting the budgeting process among organizations. The study employed a sample of 120 firms. They found that computerized accounting system contributes to budgeting process at a higher magnitude than firm and recommended that information technology should be given priority to the budgeting process due to its functionality.

Wanjau, Macharia and Ayodo (2012) investigated the factors affecting adoption of Electronic commerce among SMEs with the objective of determining the effect of leadership style, resources, infrastructure and competition on the adoption of electronic commerce among organizations in Kenya with specific reference to hospitality industry and concluded that there is a significant influence of leadership style, resources, infrastructure, competition and positioning.

A study by Nzomo (2011) investigating the impact of accounting information systems on organization effectiveness employed the descriptive research design. The study gathered both primary and secondary data. Primary data was obtained through interviews and questionnaires to randomly selected employees from the selected companies. The findings of the study indicated that Accounting Information System is an important mechanism for organizations’ effective management, decision-making and controlling activities.

According a study by Ismail and King (2005) some organizations managers are capable of using IT strategically rather than focusing on administrative efficiency suggesting that the use of IT has expanded towards management accounting context. Information System Impact on Firms” Performance, SMEs accounting information system implementation and success has been extensively researched. Recent research development focuses on the relationship between firms strategies alignment with information system (Tan, 1996; Li and Ye, 1999). These studies suggested that there are positive relationship between strategy and strategic information technology.
CHAPTER THREE
METHODOLOGY

3.0 Introduction
This chapter aims to explicate the methods applied in the data collection. These methods included the following; research design, population of the study, sample size, sampling techniques, sources of data, data collection methods, pre-test of research tool, data analysis, limitations of the study and ethical considerations.

3.1 Research Design
Study design is a plan, structure and strategy of investigation conceived so as to obtain answers to the research questions (Amin, 2004, Mugenda 1999). The study considers a combination of both descriptive, case study research design involving qualitative and quantitative approaches from primary and secondary sources of data, to make valid conclusions. The study was cross-sectional in that, the data was collected from many categories of respondents and at different times. The research was descriptive in nature where information was presented describing the situational accounting information system on the financial performance of commercial banks. The data was presented quantitative through means.

3.2 Study Population
Population is the complete collection of all the elements that are of interest in a particular investigation (Amin, 2004). The research population in this perspective who included respondents selected from the managerial employees (7), technical staff (38) who requested to gather information from the respondents. Therefore a population of 45 respondents will be used to generate information. The information is courtesy of Human resource manual for the DFCU bank for the employee category mentioned above for October 2018.

3.2.1 Sample Size
The sample in this study was restricted to the respondents of DFCU bank and for the purpose of this study; a sample size was determined using Slovene’s Formula to come up with appropriate sample size to be used in the study.

Sloven (1961) formula states that, given a population, the minimum Sample size is given by: The sample size was calculated mathematically using the formula below;
\[ n = \frac{N}{1 + Ne^2} \]

Where; \( n \) = the sample size

\( N \) = total population of respondents.

\( \alpha \) = the level of significance, that is 0.05

\[ n = \frac{N}{1 + Ne^2} \]

\[ n = \frac{45}{1 + 45 \cdot (0.05) \cdot (0.05)} \]

\[ n = \frac{45}{1 + 45 \cdot 0.0025} \]

\[ n = \frac{45}{1.112} \]

\[ n = 40.43 \]

Therefore \( n = 40 \)

A sample size of 40 respondents was selected to participate in the study.

**3.2.2 Sampling Procedure**

In selecting samples to be included in the study, both probability and non-probability sampling techniques were used. Particularly the purposive sampling technique which is a non-probability sampling technique was used to select managerial staff. Simple random sampling was used in the choice of technical staff to provide chance to all the respondents without bias.
Table 3.1: Showing sample size and sampling techniques

<table>
<thead>
<tr>
<th>No</th>
<th>Category</th>
<th>Population</th>
<th>Sample size</th>
<th>Sampling technique</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Managerial staff</td>
<td>7</td>
<td>06</td>
<td>Purposive Sampling</td>
</tr>
<tr>
<td>2</td>
<td>Technical staff</td>
<td>38</td>
<td>34</td>
<td>Simple random</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>45</td>
<td>40</td>
<td></td>
</tr>
</tbody>
</table>


3.3 Sources of Data

Both primary and secondary sources of data were obtained for the study.

3.3.1 Primary Data

This is first hand information from the field. The primary data was obtained directly from respondents through the administration of questionnaires and structured interviews. The primary data were provide a reliable and accurate first hand information relevant to this study about. The questionnaires were used to collect the data from the appropriate respondents.

3.3.2 Secondary Data

According to Attuja (2001) secondary information is obtained from the library, internet, journal articles, news papers and research reports. The idea of secondary data were used to gather necessary information to guide the conduct of the research project in order to confirm or reject the primary data.

3.4 Data Collection Instruments

3.4.1 Questionnaire

Questionnaires was the main data collection instrument used for the study. The questionnaires were appropriate for the collection of data from all the respondents. Questionnaires facilitated the collection of data that ensured the best matching of concepts with reality. The closed ended questionnaires based on the Likert scale measure of 1:5 to provide the same responses from a given set of respondents and helped reduce inconvenience caused by unfavorable interview times and busy schedules. According to Saunders, (2007), questionnaire is used for explanatory research which enabled the study to examine and explain relationships between variables, in particular cause-and-effect relationships.
3.6 Data Analysis Techniques
Quantitative data and information was collected and responses from numerous respondents were coded, (closed ended questionnaires were coded appropriately), and entered and analyzed statistically using specially designed computer based packages for data analysis known as Statistical Package for Social Scientists (SPSS). The data was presented inform of descriptive analysis for assessing the level of accounting information systems and financial performance while Pearson correlation analysis was used in analyzing the relationship between the independent and dependent variables.

3.7 Ethical Considerations
In every research study, it is very important to take seriously the ethical considerations which include the following;

The purpose of the research was explained to the respondents. For purposes of proper and adequate data collection, there was need to explain the whole purpose of the research to the respondents so that they are well informed about the purpose of the study.

Confidentiality during and after data collection was maintained at all times, this was ensure professionalism in the research and also treat the views of the respondents with confidentiality.

Report what is actually found and not manufacture and publish dream up data and also giving due recognition to any one whose work may have been used in this research and not try to pass it as the researchers original work.
CHAPTER FOUR
PRESENTATION, INTERPRETATION AND ANALYSIS OF FINDINGS

4.0 Introduction
This chapter present data and interpreted collected using the questionnaire designed to reflect the objectives were to determine the effect of accounting information system on the financial performance of commercial banks in Uganda using a case study of DFC bank, Kampala. The study focused on 40 respondents who were selected from the selected respondents. The Presentation and interpretation of data in this chapter has been done with the aid of quantitative and qualitative methods. Quantitative methods involved the use of tables for computations of sum and averages, percentages and personal analysis and interpretation presented in essay form.

4.1 Profile of Respondents

4.1.1 Gender Categories of Respondents

Table 4.1: Gender Categorization of Respondents

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>28</td>
<td>70.0</td>
</tr>
<tr>
<td>Female</td>
<td>12</td>
<td>30.0</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data, 2019

Results from table 4.1 provide the findings on the gender of the respondents. The findings indicate that the majority of respondents are male that is 28 respondents representing 70% of the total respondents and 12 respondents are female representing 30% of the respondents. This implies that the gender sensitivity was put in consideration so as to attain data from both male and female.
4.1.2 Age categorization of respondents

Table 4.2: Showing respondents categorization

<table>
<thead>
<tr>
<th>Age category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-29 years</td>
<td>9</td>
<td>22.5</td>
</tr>
<tr>
<td>30-39 Years</td>
<td>13</td>
<td>32.5</td>
</tr>
<tr>
<td>40-49 years</td>
<td>12</td>
<td>30</td>
</tr>
<tr>
<td>50+</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data (2019)

Results in table 2 present findings on the age of respondents, 30-39 years was the majority age group with 32.5% of respondents followed by 40–49 with 30%, next were 22.5 years with 22.5% and finally 50+ with 15% of the total respondents. From the above findings, it can be concluded that the majority of the respondents are mature people and therefore they have an active memory.

4.1.3 Academic Qualification of Respondents

Table 4.3: Academic qualifications of the respondents

<table>
<thead>
<tr>
<th>Academic qualifications</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>Diploma</td>
<td>9</td>
<td>22.5</td>
</tr>
<tr>
<td>Degree</td>
<td>14</td>
<td>35</td>
</tr>
<tr>
<td>Masters</td>
<td>9</td>
<td>22.5</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data (2019)

Results in table 4.3 present that the majority of the respondents were degree holders representing 35% Diploma and masters respondents were represented by 22.5% respectively and finally followed by certificate with 20%. This implies that the respondents were well educated and could interpret the given question and thus the data attained can be relied upon for decision making.

22
4.1.4 Marital status

Table 4.4: Showing the marital status of Respondents

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>Married</td>
<td>15</td>
<td>37.5</td>
</tr>
<tr>
<td>Separated/divorced</td>
<td>5</td>
<td>12.5</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data (2019)

Results from table 4.4 provide the findings on the marital status of the respondents. The findings revealed that the most of respondents were 40 representing 50% of the total respondents who were single, married respondents were 30 representing 37.5% of the total respondents and finally followed by respondents who had separated/divorced 10(12.5%) implying that most of the employees at the DFCU are single and thus has the capability of fitting in the workforce needed in factory.

4.1.5 Time service of respondents in the organization

Table 4.5: Respondents’ time of service

<table>
<thead>
<tr>
<th>Time service</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-4 years</td>
<td>5</td>
<td>12.5</td>
</tr>
<tr>
<td>5-9 years</td>
<td>12</td>
<td>30.0</td>
</tr>
<tr>
<td>10-14 years</td>
<td>13</td>
<td>32.5</td>
</tr>
<tr>
<td>15 and above</td>
<td>10</td>
<td>25.0</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary data 2019

The results in table 4.5, above show that 32.5% of the respondents had a working experience of 10-14 years. In addition, 30% had 5-9 years working experience, 15 and above years had 25% and finally followed by respondents with a working experience of 1-4 years represented by
12.5%. This implies that the respondents had worked in the organization for a quite period of time and therefore had the necessary data needed by the researcher.

4.2 Accounting information system in DFCU bank
The independent variable in this study was accounting information system and was broken into three parts namely; computerized accounting information system (with 5 questions), manual; accounting information system (with 5 questions) and internal control system (with 5 questions). Each of these questions was based on the five point Likert scale where by respondents were asked to rate the by indicating the extent to which they agree or disagree with each question and their responses were analyzed using SPSS and summarized using means and rank as indicated in table 4.6;
Table 4.6: Accounting information system in DFCU bank

<table>
<thead>
<tr>
<th>Items on accounting information system in DFCU bank</th>
<th>Mean</th>
<th>Std</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Computerized accounting information system</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>You use the computers in collecting the accounting data for my business</td>
<td>2.300</td>
<td>1.244</td>
<td>Poor</td>
</tr>
<tr>
<td>You use the computers for the storage of accounting information for my business</td>
<td>2.47</td>
<td>1.449</td>
<td>Poor</td>
</tr>
<tr>
<td>You use the computer for conducting a financial analysis of the business</td>
<td>2.775</td>
<td>1.386</td>
<td>Fairly good</td>
</tr>
<tr>
<td>You employee accounting software for preparing the accounting statements of my business</td>
<td>3.225</td>
<td>1.097</td>
<td>Good</td>
</tr>
<tr>
<td>There is usage of the computers in the entire management of the financial or accounting records of the business</td>
<td>2.800</td>
<td>1.066</td>
<td>Fairly good</td>
</tr>
<tr>
<td><strong>Average mean</strong></td>
<td>2.714</td>
<td>1.248</td>
<td>Fairly Good</td>
</tr>
<tr>
<td><strong>Manual accounting information system</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>You collect the account data manually through receipts and invoices</td>
<td>2.400</td>
<td>1.236</td>
<td>Poor</td>
</tr>
<tr>
<td>You store my accounting information in manual forms in the case of safety</td>
<td>2.825</td>
<td>1.448</td>
<td>Fairly good</td>
</tr>
<tr>
<td>You store records on the accounting records of the business</td>
<td>3.075</td>
<td>1.366</td>
<td>Fairly Good</td>
</tr>
<tr>
<td>The manual accounting systems provides timely and error free accounting information</td>
<td>3.400</td>
<td>1.032</td>
<td>Fairly Good</td>
</tr>
<tr>
<td>You use the manual accounting records to store my accounting information</td>
<td>2.950</td>
<td>1.299</td>
<td>Fairly good</td>
</tr>
<tr>
<td><strong>Average mean</strong></td>
<td>2.930</td>
<td>1.276</td>
<td>Fairly Good</td>
</tr>
<tr>
<td><strong>Internal accounting system control</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The system easy to learn &amp; understand by the users in the business</td>
<td>2.650</td>
<td>1.477</td>
<td>Fairly good</td>
</tr>
<tr>
<td>The response time for the system is fast and flexible</td>
<td>3.350</td>
<td>1.545</td>
<td>Good</td>
</tr>
<tr>
<td>There difficulty in manipulating the accounting</td>
<td>3.150</td>
<td>1.687</td>
<td>Fairly good</td>
</tr>
<tr>
<td>You find it easy to use the accounting information system</td>
<td>3.275</td>
<td>1.648</td>
<td>Good</td>
</tr>
<tr>
<td>The systems functionality of accounting is good and secure for usage</td>
<td>3.100</td>
<td>1.521</td>
<td>Fairly good</td>
</tr>
<tr>
<td><strong>Average Mean</strong></td>
<td>3.100</td>
<td>1.521</td>
<td>Fairly good</td>
</tr>
<tr>
<td><strong>Overall mean</strong></td>
<td>2.914</td>
<td>1.324</td>
<td>Fairly Good</td>
</tr>
</tbody>
</table>

Source: Primary data, 2019

The study findings indicate that the general accounting information system in DFCU bank is on average fairly good with the mean being 2.914 interpreted as fairly good. These were supported
by the individual means on the constructs that had similar values, computerized accounting system had 2.714, manual accounting system had 2.903 while internal accounting system had 3.1 mean.

The mean ranges based on the construct of computerized accounting system was fairly good. The individual responses on the items provided responses as to You use the computers in collecting the accounting data for my business with the mean of 2.300, SD=1.244 interpreted as poor while the Use of computers for the storage of accounting information for my business had 2.47 poor and use the computer for conducting a financial analysis of the business had 2.775 interpreted as fairly good. You employee accounting software for preparing the accounting statements of my business had the mean of 3.225 interpreted as good and finally there is usage of the computers in the entire management of the financial or accounting records of the business had 2.800 interpreted as fairly good.

The manual accounting system use was fairly good with the values of 2.930, interpreted as fairly good. You collect the account data manually through receipts and invoices, the mean was 2.400, SD=1.236 interpreted as poor while storing my accounting information in manual forms in the case of safety had 2.825 fairly good and You store records on the accounting records of the business had 3.075 interpreted as fairly good. The manual accounting systems provides timely and error free accounting information had 3.4 interpreted as good and finally You use the manual accounting records to store my accounting information with the mean of 2.950 interpreted as fairly good.

The internal accounting systems controls had the mean of 3.100, SD=1.521 interpreted as fairly good. The values of the system easy to learn & understand by the users in the business with 3.075 fairly good while The response time for the system is fast and flexible with the mean of 3.350, SD=1.545 interpreted as good while There difficulty in manipulating the accounting with the mean of 3.150 and that of You find it easy to use the accounting information system had the mean of 3.275 and finally The systems functionality of accounting is good and secure for usage with the mean of 2.65 interpreted as fairly good.
4.3 Financial performance of DFCU bank

The dependent variable in this study was financial performance of DFCU bank; this variable was presented with (6 questions) for which respondents were required to ascertain the extent to which they agree or disagree with the items or statements by indicating the number which best describes their perceptions. This variable was measured using questions with response rate ranging between 4=strongly agree, 3=agree, 2=Disagree and 1=strongly disagree. The responses were analyzed and described using means as summarized below in table 4.7.

Table 4.7: Financial Performance of DFCU bank

<table>
<thead>
<tr>
<th>Items on Financial Performance</th>
<th>Mean</th>
<th>Std</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our return on working capital employed has been greater than 50% in the last 3 years</td>
<td>2.125</td>
<td>1.223</td>
<td>Poor</td>
</tr>
<tr>
<td>The profit margins have increased in the last two years</td>
<td>2.400</td>
<td>1.481</td>
<td>Poor</td>
</tr>
<tr>
<td>You are able to meet our financial annual objectives</td>
<td>3.000</td>
<td>1.219</td>
<td>Fairly good</td>
</tr>
<tr>
<td>You have been able to raise salaries and wages from profit</td>
<td>3.125</td>
<td>1.158</td>
<td>Fairly good</td>
</tr>
<tr>
<td>You have been able to increase my sale of productions and operations</td>
<td>2.875</td>
<td>1.042</td>
<td>Fairly good</td>
</tr>
<tr>
<td>The number of existing customers/clients we serve has increased</td>
<td>3.350</td>
<td>1.098</td>
<td>Good</td>
</tr>
<tr>
<td><strong>Average mean</strong></td>
<td><strong>2.812</strong></td>
<td><strong>1.203</strong></td>
<td>Fairly Good</td>
</tr>
</tbody>
</table>

Source: Primary data, 2019

The financial Performance of DFCU bank was overall fairly good with the mean of 2.812, SD=1.203. The mean is guided with the average means for the study provided in the study as the return on working capital employed has been greater than 50% in the last 3 years had the mean of 2.125, SD=1.223 interpreted as poor. The profit margins have increased in the last two years had the mean of 2.400 interpreted as poor you are able to meet our financial annual objectives had the mean of 3.00, SD=1.219 interpreted as fairly good.
You have been able to raise salaries and wages from profit had the mean of 3.125, SD=1.158 interpreted as fairly good while you have been able to increase my sale of productions and operations had the mean of 2.875 interpreted as fairly good while the number of existing customers/clients we serve has increased had the mean of 3.350, SD=1.098 interpreted as good.

4.4 Objective one; Effect computerized accounting information system on financial performance of commercial banks

The first objective in this study was to determine the effect computerized accounting information system on financial performance of commercial banks. To achieve this objective the researcher correlated the mean on computerized accounting information system and that on financial performance using the Pearson's Linear Correlation Coefficient, as indicated in table 4.8 below.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Computerized accounting system</th>
<th>Financial Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computerized accounting</td>
<td>Pearson</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (1-tailed)</td>
<td>40</td>
</tr>
<tr>
<td>Financial Performance</td>
<td>Pearson</td>
<td>.295</td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (1-tailed)</td>
<td>.048</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: Primary data, 2019

The Pearson’s linear correlation Coefficient (PLCC) results in table 4.8 indicated that there is a significant relationship between computerized accounting information systems on financial performance of commercial banks, since the sig. value (0.048) was far less than 0.05 and r-value.
(0.295). This finding can be seen in the r-values of 0.295 and a small significant value of 0.048. This research finding means that any variation in computerized accounting information system will lead to 0.295 variations in financial performance of DFCU bank. The researcher rejects the null hypothesis and concludes that there is a significant effect of computerized accounting information systems on financial performance of commercial banks.

4.4.2 Regression Analysis: Effect computerized accounting information system on financial performance of commercial banks

*Table 4.9: Regression Analysis on effect computerized accounting information system on financial performance of commercial banks*

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.361a</td>
<td>.206</td>
<td>.120</td>
<td>.39825</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), computerized accounting information system

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>.716</td>
<td>1</td>
<td>.716</td>
<td>4.515</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>26.963</td>
<td>170</td>
<td>.159</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>27.679</td>
<td>171</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), Computerized accounting information system
## Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>2.888</td>
<td>.195</td>
</tr>
<tr>
<td>Computerized accounting information system</td>
<td>-.163</td>
<td>.077</td>
</tr>
</tbody>
</table>

### Source: Primary data, 2019

The study results concerning the effect of computerized accounting information system on financial performance of DFCU commercial bank. From the table above regarding the results the R-Squared coefficient was computed to be at .206. This figure indicates that computerized accounting information system alone had 20.6% effect on financial performance of DFCU bank. This also means that the rest of the 79.4% is influenced by other factors other than computerized accounting information system. The R-Squared coefficient denotes a considerably low amount of influence that computerized accounting information system present or has on financial performances.

Further determination on analysis of variance was also performed where findings suggested that there was some significance in the effect. The p value for the test was computed within an acceptable range since it was at 0.035. This is enough evidence to suggest that computerized accounting information system has a significant effect on financial performance of DFCU bank.

The t statistics for the variable (computerized accounting information system) was also within the acceptable range to support their relevance in the model, computerized accounting information system as the independent variable had a calculated t value of -2.125. This implies that it has a high and significant predictive potential on financial performance. The p value for the beta of this variable also suggests the same as it was found to be below 0.05. Therefore the null hypothesis is rejected and the researcher argues that there was a significant relationship.
between computerized accounting information systems and financial performance of DFCU bank.

4.5 Objective two; Effect manual accounting information system on financial performance of commercial banks

The second objective in this study was to determine the effect manual accounting information system on financial performance of commercial banks. To achieve this objective the researcher correlated the mean on manual accounting information system and that on financial performance using the Pearson's Linear Correlation Coefficient, as indicated in table 4.10 below

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Manual accounting</th>
<th>Financial Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manual accounting</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (1-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>40</td>
</tr>
<tr>
<td>Financial Performance</td>
<td>Pearson Correlation</td>
<td>.047</td>
</tr>
<tr>
<td></td>
<td>Sig. (1-tailed)</td>
<td>.386</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: Primary data, 2019

The Pearson’s linear correlation Coefficient (PLCC) results in table 4.4.2 indicated that there no significant relationship between manual accounting information systems on financial performance of commercial banks, since the sig. value (0.386) was far greater than 0.05 and r-value (0.047). This finding can be seen in the r-values of 0.047 and a significant value of 0.386. This research finding means that any variation in manual accounting information system will lead to 0.047 variations in financial performance of DFCU bank. The second hypothesis is
accepted, there is no significant effect of manual accounting information systems on financial performance of commercial banks.

4.5.2 Regression on effect manual accounting information system on financial performance of commercial banks.

Table 4.11: Effect of manual accounting information system on financial performance of commercial banks.

Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.091&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.008</td>
<td>.002</td>
<td>.40184</td>
</tr>
</tbody>
</table>

*a. Predictors: (Constant), manual accounting information system*

ANOVA<sup>a</sup>

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>.228</td>
<td>1</td>
<td>.228</td>
<td>1.410</td>
<td>.237&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>Residual</td>
<td>27.451</td>
<td>170</td>
<td>.161</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>27.679</td>
<td>171</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*a. Dependent Variable: Financial Performance*

b. Predictors: (Constant), Manual accounting information system

Coefficients<sup>a</sup>

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.753</td>
<td>.232</td>
</tr>
<tr>
<td>Manual accounting information system</td>
<td>-1.13</td>
<td>.095</td>
</tr>
</tbody>
</table>

*a. Dependent Variable: Financial Performance*

Source: Primary data, 2019
The study results concerning the effect of manual accounting information system on financial performance of commercial banks. From the table above regarding the results the R-Squared coefficient was computed to be at .008. This figure indicates that manual accounting information system alone has only 0.8% effect on financial performance of DFCU bank. This also means that the rest of the 99.2% is influenced by other factors other than supplier segmentation. The R-Squared coefficient denotes a considerably low amount of influence that manual accounting information system present or has on financial performances.

Further determination on analysis of variance was also performed where findings suggested that there was some significance in the effect. The p value for the test was computed within an acceptable range since it was at 237. This is enough evidence to suggest that manual accounting information system has no significant effect on financial performance of DFCU bank.

The t statistics for the variable (manual accounting information system) was outside the acceptable range to support their relevance in the model, manual accounting information system as the independent variable had a calculated t value of -1.188. This implies that that it has a low and no significant prediction on financial performance. The p value for the beta of this variable also suggests the same as it was found to be above 0.05 Level of significance. Therefore the null hypothesis is accepted and the researcher argues that there was no significant relationship between manual accounting information systems on financial performance of commercial banks.

4.6 Objective three; effect of internal accounting system control on financial performance of commercial banks

The first objective in this study was to determine the effect of internal accounting systems control on financial performance of commercial banks. To achieve this objective the researcher correlated the mean on internal accounting system control and that on financial performance using the Pearson's Linear Correlation Coefficient, as indicated in table 4.12 below.
Table 4.12: Pearson correlation between internal accounting systems on financial performance of commercial banks at 0.05 Level of significance.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Internal Controls</th>
<th>Financial Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Controls</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (1-tailed)</td>
<td>.039</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>40</td>
</tr>
<tr>
<td>Financial Performance</td>
<td>Pearson Correlation</td>
<td>.319</td>
</tr>
<tr>
<td></td>
<td>Sig. (1-tailed)</td>
<td>.039</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: Primary data, 2019

The Pearson’s linear correlation Coefficient (PLCC) results in table 4.4.3 indicated that there is a significant relationship between internal controls accounting information systems on financial performance of commercial banks, since the sig. value (0.039) was far less than 0.05 and r-value (0.319). This finding can be seen in the r-values of 0.319 and a small significant value of 0.039. This research finding means that any variation in internal controls accounting system will lead to 0.319 variations in financial performance of DFCU bank. The third hypothesis rejected, there is a significant effect of internal accounting system control on financial performance of commercial banks.
4.6.2 Regression on internal accounting systems on financial performance of commercial banks at 0.05 Level of significance

Table 4.13: Regression on internal accounting systems on financial performance of commercial banks at 0.05 Level of significance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.233(^a)</td>
<td>0.054</td>
<td>.012</td>
<td>.39991</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Internal accounting systems

ANOVA\(^a\)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>.492</td>
<td>1</td>
<td>.492</td>
<td>3.074</td>
<td>.041(^b)</td>
</tr>
<tr>
<td>Residual</td>
<td>27.187</td>
<td>170</td>
<td>.160</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>27.679</td>
<td>171</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), Internal accounting systems

Coefficients\(^b\)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.052</td>
<td>.246</td>
<td>8.344</td>
</tr>
<tr>
<td></td>
<td>Internal accounting systems</td>
<td>.171</td>
<td>.098</td>
<td>.133</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Financial Performance

Source: Primary data, 2019

The study results concerning the effect of internal accounting systems on financial performance of commercial banks. From the table above regarding the results the R-Squared coefficient was
computed to be at 0.054. This figure indicates that internal accounting system alone has 5.4% effect on financial performance of the bank. This also means that the rest of the 95% is influenced by other factors other than internal accounting system. The R-Squared coefficient denotes a considerably low amount of influence that internal accounting system present or has on financial performances.

Further determination on analysis of variance was also performed where findings suggested that there was some significance in the effect. The p value for the test was computed within an acceptable range since it was at 0.041. This is enough evidence to suggest that internal accounting system has a significant effect on financial performance of DFCU bank.

The t statistics for the variable (internal accounting system) was also within the acceptable range to support their relevance in the model, internal accounting system as the independent variable had a calculated t value of 1.753. This implies that it has a high and significant predictive potential on financial performance. The p value for the beta of this variable also suggests the same as it was found to be below 0.05. Therefore the null hypothesis is rejected and the researcher argues that there was a significant relationship between internal accounting system and financial performance of DFCU bank.
CHAPTER FIVE
DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction
This chapter presents the findings, conclusions, recommendations and suggested areas that need further research following the study objectives and study hypothesis.

5.1 Discussion of findings

5.1.1 Effect computerized accounting information system on financial performance of commercial banks
There is a significant relationship between computerized accounting information systems on financial performance of commercial banks. The study results are in agreement with previous studies Agbim (2013) furthermore, the programming of accounting information systems lead to the change of activities where data can be collected by using special means, as the necessary paper document is cancelled. Often, all computers are programmed automatically, as for the services, they increase in most cases. Also in agreement with those of Simmons, Hardy 2011). The general ledger software is a very important software solution for all businesses since it is the main accounting record of the business. Key features companies must look for in general ledger accounting software are its ability to trace budget and financial data so as to produce accurate financial statements, detecting fraud so easily, tracking budget and financial data to produce accurate financial statements that can bring out better income statement, balance sheet, and general ledger reportage. When the best general ledger software is chosen, it helps to develop year-end reports and statements quickly and accurately.

5.1.2 Effect of manual accounting information system on financial performance of commercial banks
There no significant relationship between manual accounting information systems on financial performance of commercial banks. The study results are in agreement with previous studies Sinkey (2010) contend that manual accounting systems are most commonly used by small businesses, as these systems have lower upfront cost less than complex accounting software and are relatively easy to use. New or small businesses may not have many financial entries to make.
and, therefore, their accounting needs are simple. Evans and Schmalensee (2010) contend that there can be many disadvantages of using a manual accounting system. Accounting, for any business, can be a complex undertaking. A manual accounting system requires you to understand the accounting process in a way that may be unnecessary with a computerized accounting system. Oladipupo & Ajape (2013) contend that business owners use accounting to record, report and analyze their company’s financial information and in doing this, companies often generate several pieces of financial information from business transactions, and compile this information into general ledgers and journals.

5.1.3 Effect of internal accounting system control on financial performance of commercial banks

There is a significant relationship between internal controls accounting information systems on financial performance of commercial banks, since the sig. value (0.039). The study results are in agreement with previous studies of Mairead (2007) contend that internal controls encompass a set of rules, policies, and procedures an organization implements to provide reasonable assurance that; its financial reports are reliable, its operations are effective and efficient, and its activities comply with applicable laws and regulations. Even Curtis (2014) contend that management compares information about current performance to budgets, forecasts, prior periods, or other benchmarks to measure the extent to which goals and objectives are being achieved and to identify unexpected results or unusual conditions that require follow-up. also in agreement with Langfield-Smith (2011) argued that there are two types of major internal controls associated with the management of large firms, particularly diversified firms, which have an important effect on firm innovation, these are; strategic controls and financial controls. Strategic controls entail the use of long-term and strategically relevant criteria for the evaluation of business-level managers' actions and performance.

5.2 Conclusions

The purpose of the study was to determine the effect of accounting information system on the financial performance of commercial banks in Uganda using a case study of DFC bank, Kampala. The objectives were to determine the effect computerized accounting information system on financial performance of commercial banks. To assess the effect of manual accounting information systems on financial performance of commercial banks and To determine the effect
of internal accounting system control on financial performance of commercial banks. The study concluded that having proper accounting systems of computerization contribute to financial performance of DFCU bank. The results also indicate that the manual accounting system usage was having a low contribution or influence to financial performance of DFCU bank. The study on the third objective concludes that the proper accounting internal systems enabled the organization to work for profitability of the organization. The study concludes that accounting information system in DFCU bank contributes to financial performance of the bank though loopholes in accounting information are viewed and seen.

5.3 Recommendations
The study recommends that computerized accounting systems need to be enhanced, developed and improved in order to enable the organization attain its proper functionality and accountability. Computerized systems need to be enhanced with the mode of the proper software that enable proper decision making in the organizations. The computerization of accounting through adopting proper hardware for the accounting systems can enable proper functionality of the decision making for the bank.

On the second objective:- There is need in regard to manual accounting systems to design and employ and deployment of human resources should be done relying on data through accounting information system as the study confirmed that there is strongly relationship accounting information system and human resources management. The organization should increase the use of accounting information in marketing decisions in bringing in new product into the market, increasing sales volume and in taking better marketing strategies.

On the third objective, the management need to adequately identify and manage duties including providing means to the operations of the organization through well determined duty operations and provision of an adequate auditing mechanism for the organization. The management needs to provide sound internal mechanism through control of expenditures to attain a financial stable business. The management needs to institute management teams for enhancing direct operations for the organizational establishments.
5.4 Areas of further study
Throughout working on this study, some suggestions concerning the expansion of the present study have arisen.
First, I would suggest similar studies to be done in more companies in order to compare the findings with the findings of this study. A survey would shed more light than just a case of selected companies in the industry.

Secondly, a similar study could be carried out focusing on the effectiveness of accounting information systems in enhancing the organizational effectiveness.

Finally a similar study could also be carried out focusing on factors influencing implementation of accounting information systems or even challenges faced during implementation of accounting information systems in commercial banks.
REFERENCES
Agbim CP, (2013), The effects of computerized accounting system on the performance of banking industry in Nigeria, Caritas University, Nigeria.


APPENDICES

Appendix I: Questionnaire

Dear respondent,

I am a student of Kampala International University pursuing a bachelor degree of Business Administration Banking and Finance. I am conducting a research on an inquiry into the accounting information systems and financial performance of commercial banks in Uganda: a case study of DFCU bank, main branch Kampala. This questionnaire is mainly for data collection and has been designed for academic reasons and as a partial fulfillment. The researcher will hold confidential any information given and under no circumstance will any one’s name appear as an individual. I kindly therefore request that you fill in the questions as instructed respectively.

Tick the appropriate box according to you where applicable. Fill in the information in the space provided.

Yours faithfully

Tumuhimbise Primah

1162-05014-04875

In this section, you are kindly requested to tick that alternative response that fits your opinion.

SECTION A - Characteristics of respondents

1. Gender
   a) Male
   b) Female

2. Age
   a) 20 - 29
   b) 30 - 39
   c) 40 - 49
   d) 50 +
3. **Qualification academically**
   a) Certificate
   b) Diploma
   c) Degree
   d) Masters

4. **Marital status**
   a) Single
   b) Married
   c) Separated/divorced

5. **Working experience**
   a) 1-4 years
   b) 5-9 years
   c) 10-14 years
   d) 15 and above

Section B: Accounting information systems

6. Instructions Use of likert scale of 1-5 to rank the following alternatives were 1= strongly disagree (SD), 2= Disagree (D), 3= Not sure (NS), 4= Agree (A), 5= Strongly Agree (SA).

<table>
<thead>
<tr>
<th>Computerized accounting information system</th>
<th>SA5</th>
<th>A4</th>
<th>A3</th>
<th>D2</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 You use the computers in collecting the accounting data for my business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 You use the computers for the storage of accounting information for my business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 You use the computer for conducting a financial analysis of the business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 You employee accounting software for preparing the accounting statements of my business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 There is usage of the computers in the entire management of the financial or accounting records of the business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Manual accounting information system

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>You collect the account data manually through receipts and invoices</td>
</tr>
<tr>
<td>2</td>
<td>You store my accounting information in manual forms in the case of safety</td>
</tr>
<tr>
<td>3</td>
<td>You store records on the accounting records of the business</td>
</tr>
<tr>
<td>4</td>
<td>The manual accounting systems provides timely and error free accounting information</td>
</tr>
<tr>
<td>5</td>
<td>You use the manual accounting records to store my accounting information</td>
</tr>
</tbody>
</table>

# Internal accounting systems control

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The system easy to learn &amp; understand by the users in the business</td>
</tr>
<tr>
<td>2</td>
<td>The response time for the system is fast and flexible</td>
</tr>
<tr>
<td>3</td>
<td>There difficulty in manipulating the accounting</td>
</tr>
<tr>
<td>4</td>
<td>You find it easy to use the accounting information system</td>
</tr>
<tr>
<td>5</td>
<td>The systems functionality of accounting is good and secure for usage</td>
</tr>
</tbody>
</table>
### Questionnaire for financial Performance

Direction: Please write your preferred option on the space provided before each item. Kindly use the rating guide below:

<table>
<thead>
<tr>
<th>Questionnaire for financial Performance</th>
<th>SA</th>
<th>A</th>
<th>DA</th>
<th>SDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Our return on working capital employed has been greater than 50% in the last 3 years</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2. The profit margins have increased in the last two years</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. You are able to meet our financial annual objectives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. You have been able to raise salaries and wages from profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. You have been able to increase my sale of productions and operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. The number of existing customers/clients we serve has increased</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

47
Appendix II: Interview Guide

i. What is the level of computerization of accounting information management in your organization?

ii. What is the state of financial performance in your organization?

iii. How has the financial performance been in terms of profits, sales and customer growth in your organization?

iv. What is the effect of computerized accounting information system on performance of the bank?

v. What is the level of manual accounting information usage in your organizations?

vi. What is the effect of manual accounting information systems on financial performance?

vii. What is the effect of internal accounting system control on financial performance?